

Ledwith, Cara L.

From: Brown Barb [Barb.Brown@xlgroup.com]
Sent: Thursday, December 30, 2010 11:02 AM
To: Hill, Steven F.
Subject: Insured: Kaiser Gypsum Company, Inc./Insurer: Harbor Insurance Company
Attachments: 122910KaiserGypsumCompanyToGIC.pdf

Dear Mr. Hill:

The enclosed letter was received by Greenwich Insurance Company ("GIC") allegedly as the successor-in-interest to Harbor Insurance Company ("Harbor"). We are forwarding the documents to Ronald Schulze at CNA Insurance Group because GIC is not Harbor's "true" successor-in-interest.

Briefly, Harbor Insurance Company was a wholly-owned subsidiary of Continental Insurance Company from approximately 1976 to December 1990. In December 1990, Continental sold its stock in Harbor to NAC Reinsurance Corporation (n/k/a XL Reinsurance America Inc.). NAC thereafter changed Harbor's name to Greenwich Insurance Company and has operated that entity since that time. Pursuant to an Assumption Reinsurance and Administration Agreement, Continental agreed to assume the assets and liabilities of all Harbor business transactions prior to the sale of the stock of Harbor to NAC. Continental also assumed the role of insurer on all Harbor policies in effect as of January 1, 1990. Continental is now part of the CNA group of companies and those obligations now rest with CNA.

You may contact Mr. Schulze at:

Harbor Insurance Company
c/o Mr. Ronald Schulze, Claim Department
CNA Insurance Group
333 S. Wabash Avenue
Chicago, IL 60685

Kindly direct all future inquiries about this matter to CNA.

Sincerely,

Barbara A. Brown
Executive Assistant-Legal

/bb

cc: Ronald Schulze, CNA Insurance Group (w/encls.)

CONFIDENTIALITY: This communication, including attachments, is for the exclusive use of the addressee(s) and may contain proprietary, confidential or privileged information. If you are not the intended recipient, any use, copying, disclosure, or distribution or the taking of any action in reliance upon this information is strictly prohibited. If you are not the intended recipient, please notify the sender immediately and delete this communication and destroy all copies.

RG2005282

1/3/2011



PORTLAND, OREGON
SEATTLE, WASHINGTON
VANCOUVER, WASHINGTON
CENTRAL OREGON
WWW.MILLERNASH.COM

500 East Broadway
Suite 400
Vancouver, Washington 98660-3324
OFFICE 360.699.4771
FAX 360.694.6413

Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

RECEIVED
EXTON LEGAL

DEC 29 2010

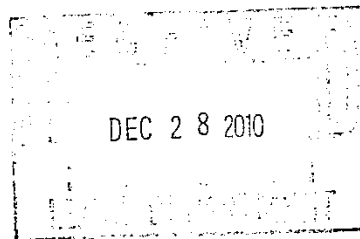
December 21, 2010

XL INSURANCE

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Greenwich Insurance Company
70 Seaview Avenue
Stamford, CT 06902

Greenwich Insurance Company
1201 North Market Street, Suite 501
Wilmington, DE 19801



Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Harbor Insurance Company
Policy No. (Periods): HI163638 (04/01/82-04/01/83)
Claim: Lower Duwamish Waterway Superfund Site

Dear Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and

039391-0009/VANDOC5:50144706.1

KG2005283



MILLER NASH LLP
ATTORNEYS AT LAW

PORTLAND, OREGON
SEATTLE, WASHINGTON
VANCOUVER, WASHINGTON
CENTRAL OREGON
WWW.MILLERNASH.COM

Greenwich Insurance Company
December 21, 2010
Page 2

operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the



MILLER NASH^{LLP}
ATTORNEYS AT LAW

PORTLAND, OREGON
SEATTLE, WASHINGTON
VANCOUVER, WASHINGTON
CENTRAL OREGON
WWW.MILLERNASH.COM

Greenwich Insurance Company
December 21, 2010
Page 3

process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

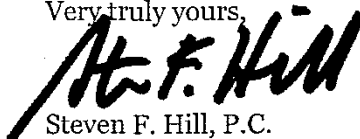
At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Harbor Insurance Company ("Harbor") sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1982 through 1983. The specific Harbor policy that we have located to date is listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Harbor on notice of this potential claim and request that Harbor provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

If you have any questions, please e-mail me at steve.hill@millernash.com or call me at 360.699.4771.

Very truly yours,



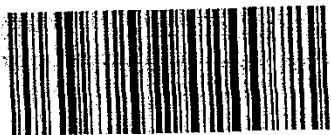
Steven F. Hill, P.C.

cc: Mary C. Bryant



500 East Broadway
Suite 400
Vancouver, Washington 98660

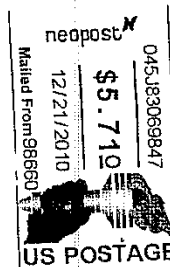
CERTIFIED MAIL



7160 3901 9848 8113 9688

RETURN RECEIPT REQUESTED

Greenwich Insurance Company
70 Seaview Avenue
Stamford, CT 06902



KG2005286

06902+6000

RETURN RECEIPT REQUESTED

From: Origin ID: JSDA (203) 964-5263
 Kimberly Adams
 XL America, Inc.
 70 Seaview Avenue
 Seaview House
 Stamford, CT 06902



Ship Date: 28DEC10
 ActWgt: 1.0 LB
 CAD: 5785286/NET3090

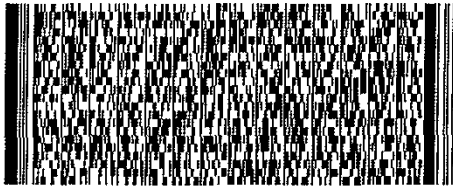
Delivery Address Bar Code



SHIP TO: (610) 968-9049 **BILL SENDER**
Barbara A. Brown
X.L. Exton
505 EAGLEVIEW BLVD STE 100

EXTON, PA 19341

Ref # LEGAL-Adams
 Invoice #
 PO #
 Dept #



TRK#
 0201 7942 6766 8490

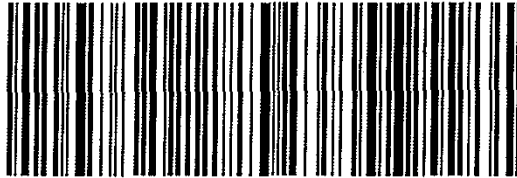
WED - 29 DEC A2
 STANDARD OVERNIGHT
 RES

19341

PA-US

PHL

ZR NMZA



58AG19AAAB2780

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

K62005287